

TOSCO CORPORATION

10100 SANTA MONICA BOULEVARD  
LOS ANGELES, CALIFORNIA 90067  
213/552-7000



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R. GLENN VAWTER  
VICE PRESIDENT

January 25, 1977

DIRECT TELEPHONE NUMBER  
213/552-7189

Mr. Cleon B. Feight, Director  
Division of Oil, Gas and Mining  
Department of Natural Resources  
1588 West North Temple  
Salt Lake City, Utah 84116

CIRCULATE TO:

DIRECTOR	_____	<input checked="" type="checkbox"/>
PETROLEUM ENGINEER	_____	<input checked="" type="checkbox"/>
MINE CO. TOL	_____	<input checked="" type="checkbox"/>
ADMIN. ASSISTANT	_____	<input checked="" type="checkbox"/>
ALL	_____	<input checked="" type="checkbox"/>

RETURN TO Mr. Feight  
FOR FILE Fulton

Re: Sand Wash Unit Agreement Modification  
Approved by Utah State Land Board

Dear Mr. Feight:

Enclosed is a copy of an application letter submitted by TOSCO to the State Land Board requesting modification of the first three commitment dates under the Sand Wash Unit Agreement, together with a letter from the State Land Board approving such modifications.

The information in the application is self-explanatory and is forwarded for your information. If you have any questions concerning this matter, please do not hesitate to call me.

Very truly yours,

R. GLENN VAWTER

RGV:lc  
Enclosure

November 30, 1976

State Land Board  
State of Utah  
105 State Capitol  
Salt Lake City, Utah 84114

Attention: Mr. Charles R. Hansen, Director

Re: Request Pursuant to Section 14 of the  
Sand Wash Unit Agreement for an Extension  
of Time for Development Commitments  
Required by Section 8 of the Unit Agreement

Gentlemen:

On December 16, 1975, Tosco Corporation (formerly The Oil Shale Corporation) and the State of Utah entered into a Unit Agreement and Cooperative Plan of Development for the development and operation of the Sand Wash Plan Area, Uintah County, Utah. The Unit Agreement, which was effective as of the 10th day of June, 1975, provided for the unitization of five non-contiguous blocks of oil shale lands held under 29 State leases by Tosco Corporation and established the terms and conditions for the organization and operation of the unit. Under the agreement Tosco Corporation was designated as operator of the unit. Tosco Corporation is also the sole owner of all leases within the unit at the present time.

Under paragraph 8, the Unit Agreement is conditioned upon a "development commitment" by Tosco Corporation requiring expenditures of funds for the benefit of the unit in accordance with the following schedule:

Prior to 12:00 o'clock P.M. December 31, 1977	\$2,000,000
Between the effective date of this agreement and 12:00 o'clock P.M. December 31, 1979	\$4,000,000 (cumulative total)
Between the effective date of this agreement and 12:00 o'clock P.M. December 31, 1981	\$6,000,000 (cumulative total)

Between the effective date of this agreement and 12:00 o'clock P.M. December 31, 1984	\$8,000,000 (cumulative total)
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The first commitment period under Paragraph 8 ends on December 31, 1977, at which time a total of \$2,000,000 is required to have been expended by Tosco Corporation. At the present time Tosco Corporation has spent approximately \$0.5 million in allowable development costs on the Sand Wash Unit for establishing meteorological monitoring facilities and carrying out environmental and feasibility studies. Tosco has established a field office in Vernal which is staffed by four full time personnel.

In light of recent economic and political developments related to commercialization of oil shale and uncertainties regarding environmental matters in general, Tosco Corporation now finds that the timing of development expenditures required by the first commitment dates of the Unit Agreement would impose unreasonable risks on the company during the next year. Therefore, Tosco Corporation requests the State Land Board to take action authorized by Section 14 of the Unit Agreement to extend the development expenditure requirements for the first three commitment dates by one year. That action will not reduce the total expenditure requirements, nor the final commitment date for total expenditures now provided by the Unit Agreement. In support of that request, Tosco Corporation respectfully submits the following reasons:

1. Planning and program development for oil shale have become more difficult due to current environmental uncertainties affecting oil shale development including reports by the Operator of the nearby Federal Lease Tracts U-a and U-b that naturally occurring pollutent levels already exceed federal standards; the narrow defeat of amendments to the Clean Air Act in the last session of Congress which, if passed, would have restricted industrial growth including oil shale in the West; and, the uncertainties related to environmental policies of the new Administration at the federal level, which will require some time to evolve.
2. Federal governmental economic and policy uncertainties have been complicated by the failure (by one vote) of the synthetic loan guarantee bill in the last session of Congress, and uncertainties regarding other federal incentive and policy matters.

3. Suspensions have been granted to all four federal oil shale lease tracts. The resulting delays occurring in development of those and related projects and operations make it imprudent to commit to substantial development expenditures at the present time.
4. For all of the foregoing reasons, it would be counter-productive to proceed rapidly with development at a time when major efforts are being devoted to changing regulations and formulating policy affecting oil shale development.

For the foregoing reasons, Tosco Corporation hereby requests the State Land Board, in the public interest, to extend the development commitments of Section 8 of the Unit Agreement, pursuant to the terms of Section 14 of that Agreement, as follows:

- Prior to 12:00 o'clock P.M. December 31, 1978	\$2,000,000
Between the effective date of this agreement and 12:00 o'clock P.M. December 31, 1980	\$4,000,000 (cumulative total)
Between the effective date of this agreement and 12:00 o'clock P.M. December 31, 1982	\$6,000,000 (cumulative total)
Between the effective date of this agreement and 12:00 o'clock P.M. December 31, 1984	\$8,000,000 (cumulative total)

All other provisions of the Unit Agreement will remain the same and unaffected by this action of the Board. Tosco Corporation will continue its field program and environmental studies now underway on the Sand Wash Unit.

Tosco Corporation will be pleased to provide any additional information in support of this request or to meet with the Board if desired.

Respectfully yours,

R. GLENN VAWTER

RGV:sw



CHARLES R. HANSEN  
Director

THE STATE OF UTAH  
DEPARTMENT OF NATURAL RESOURCES  
DIVISION OF STATE LANDS  
105 STATE CAPITOL BUILDING  
SALT LAKE CITY, UTAH 84114

BOARD MEMBERS

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January 17, 1977

Mr. R. Glenn Vawter, Vice President  
TOSCO Corporation  
10100 Santa Monica Boulevard  
Los Angeles, CA  
90067

Dear Mr. Vawter:

The Board of State Lands at its meeting held December 15, 1976, consider your request that the spending deadlines as outlined in the Sand Wash Unit Agreement and Cooperative Plan of Development be set back one year for each deadline.

The Board approved this request, and the deadlines contained in Paragraph 8 of the unit agreement will all be set back one year as requested in your letter of November 30, 1976.

If you have any questions concerning the Board's action, please let us know.

Yours very truly,

DONALD G. PRINCE  
ASSISTANT DIRECTOR

DGP/vb1

RECEIVED

JAN 20 1977